

Message Text

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44

ACTION ARA-10

INFO OCT-01 ISO-00 TRSE-00 SSO-00 NSCE-00 USIE-00 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 EB-07 AID-05 IGA-02 OPIC-03 OMB-01

CIEP-01 XMB-02 COME-00 INRE-00 /072 W

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O 281656Z FEB 76 ZFF4

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 4676

C O N F I D E N T I A L BUENOS AIRES 1374

E.O. 11652: GDS

TAGS: EFIN, AR

SUBJECT: CHASE BANK SITUATION - RECENT DEVELOPMENTS

REF: BUENOS AIRES 1185

1. LOCAL CHASE REP SAID CHASE VICE-PRES. MASON MET WITH GOA FEB. 23 TO DISCUSS CHASE'S COMPENSATION AND OTHER RELATED ISSUES. DURING MEETINGS MASON REPORTEDLY TOLD GOA PACKAGE OF DECREES (I.E. INITIAL DECREE, INFLATION ADJUSTMENT, AND SPECIAL CASH RESERVE ADJUSTMENT) COMPLETELY UNSATISFACTORY TO CHASE. LOCAL REP SAID TOTAL COMPENSATION IN NO WAY WAS FAIR RETURN TO CHASE. MASON LEFT ARGENTINA SAME DAY IN WHAT LOCAL REP DESCRIBED AS "CHILLY" ATMOSPHERE. SINCE THEN SITUATION HAS IMPROVED CONSIDERABLY ACCORDING CHASE REP. CENTRAL BANK HAS NOW DRAFTED STILL ANOTHER DECREE SETTING FORTH ENTIRELY NEW LEGAL FRAMEWORK TO SERVE AS BASIS OF FAIR SETTLEMENT FOR CHASE. THIS DECREE NOW IN ECONOMY MINISTER MONDELLI'S OFFICE ACCORDING TO CHASE REP AND MEETINGS ON IT SCHEDULED FOR TONIGHT (FEB. 27 AND THIS WEEKEND.

2. CHASE REP CONTINUED THAT CHASE HAS NOT REPEAT NOT YET AGREED TO ROLL OVER \$30 MILLION DEBT WHICH FALLS DUE TODAY (FEB.27). IF SATISFACTORY PROGRESS ON NEW DECREE
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FORTHCOMING, CHASE REP THOUGHT CHASE WOULD PROBABLY AGREE

ROLL OVER DEBT FOR AT LEAST 30 DAYS. HE EMPHASIZED CHASE
PROBABLY WILLING ROLL OVER DEBT FOR 6 MONTHS IF GOA ABLE
COME UP WITH RATIONAL ECONOMIC PLAN.

3. MOST ENCOURAGING NEWS ACCORDING TO CHASE REP IS FACT
THAT DRAFT BILL AUTHORIZING CHASE'S NEW INVESTMENT BANK
NOW SIGNED BY PRESIDENT AND SENT TO RENEWED EXTRAORDINARY
SESSION OF CONGRESS.

4. COMMENT: CHASE IS CLEARLY KEEPING PRESSURE ON AND
SITUATION REMAINS VERY SENSITIVE. CHASE REP SOUNDED
OPTIMISTIC THAT MINISTER MONDELLI WOULD AGREE TO NEW DECREE
WHICH CHASE WANTS.
HILL

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Message Attributes

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04 MAY 2006

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TAGS: EFIN, EINV, AR, CHASE MANHATTAN BANK
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